

Message Text

CONFIDENTIAL

PAGE 01 VIENTI 00072 091134Z

14/22-10

ACTION EA-09

INFO OCT-01 EUR-12 ISO-00 CIAE-00 DODE-00 PM-04 H-02

INR-07 L-03 NSAE-00 NSC-05 PA-01 PRS-01 SP-02 SS-15

AID-05 EB-07 CIEP-01 TRSE-00 STR-04 OMB-01 CEA-01

NSCE-00 SSO-00 USIE-00 INRE-00 /081 W

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O R 090911Z JAN 76

FM AMEMBASSY VIENTIANE

TO SECSTATE WASHDC IMMEDIATE 5920

INFO AMEMBASSY BANGKOK

AMEMBASSY PARIS

AMCONSUL HONG KONG

CINCPAC

C O N F I D E N T I A L VIENTIANE 00072

C O R R E C T E D C O P Y (MRN 0072 VICE 0071)

CINCPAC FOR POLAD

E.O. 11652: GDS

TAGS: PFOR, AFIN, LA, US

SUBJECT: FOLLOW-UP ON BANK ACCOUNTS PROBLEM

REF: A. VIENTIANE 0011 (021030Z JAN 76)

B. VIENTIANE 0014 (050312Z JAN 76)

C. VIENTIANE 0015 (050313Z JAN 76)

D. VIENTIANE 0054 (080445Z JAN 76), NOTAL

E. VIENTIANE 0071 (090906Z JAN 76)

F. STATE 005265 (090032Z JAN 76)

1. AS REFERENCES D AND E INDICATE, THE ONLY SIGNS OF SOME
POSSIBLE MOVEMENT ON OUR BANK-ACCOUNT PROBLEMS HAVE COME
FROM THE PRESIDENT OF THE NATIONAL BANK AND THE MINISTER OF
FINANCE. WE THINK IT WOULD BE WISE TO FOLLOW UP AFTER A
DECENT INTERVAL WITH THE PRESIDENT OF THE BANK RATHER
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THAN STIR UP THE FOREIGN MINISTRY (WHICH DOES NOT REALLY

HAVE JURISDICTION) AT THIS POINT. IF IT DOES NOT APPEAR FAIRLY SOON THAT THE NATIONAL BANK APPROACH WILL GENERATE SOME MOVEMENT, THEN OBVIOUSLY WE SHALL HAVE TO APPROACH PHOUNE OR NOUPHANH.

2. WE THINK WE SHOULD TRY TO GET SOME MOVEMENT ON THE BANK-ACCOUNT PROBLEM BEFORE GIRDING FOR A DISCUSSION OF COM-POUNDS AND OTHER RELATED MATTERS. AN ACCEPTABLE SOLUTION TO THE BANK ACCOUNTS PROBLEM WOULD READILY LEAD US INTO DISCUSSION OF THE OTHER MATTERS. A PREMATURE CONFRONTATION ON THE OTHER MATTERS MIGHT WELL, WE THINK SPOIL ANY PROSPECTS FOR MOVEMENT ON THE BANK ACCOUNTS.

3. WE DO NOT THINK THAT ANYTHING KAYSONE, PHOUNE OR NOUPHANH HAS SAID ABOUT GOOD RELATIONS FORESHADOWS ANY SWEEPING TRANSFORMATION OF OUR SITUATION HERE. WE FORESEE ON THE CONTRARY A CONTINUED STRUGGLE IN WHICH WE ATTACK OUR PROBLEMS ONE AT A TIME, GIVING PRIORITY TO THOSE CONCERNING WHICH WE HAVE SOME INKLING OF POSSIBLE SUCCESS.

4. ONE THING WE THINK WE SHOULD BE VERY CAREFUL ABOUT IN DEALING WITH OUR PRESENT INTERLOCUTORS IS IMPLYING THAT WE MIGHT TAKE "RETALIATORY ACTION" UNLESS WE REALLY MEAN IT.

5. KIP SUPPLY SITUATION HAS CHANGED IN LAST FEW DAYS, VOIDING PREVIOUS ESTIMATE (VIENTIANE 6685, DECEMBER 30). THROUGHT VARIOUS LOCAL ACQUISITIONS, OUR SUPPLY HAS GROWN TO LEVEL THAT SHOULD CARRY US THROUGH MID-OR LATE FEBRUARY.

6. EVEN IF THAT WERE NOT THE CASE, WE DO NOT BELIEVE THAT EXERCISE OF OPTION TO PURCHASE KIP FOR TREASURY CHECK FROM NATIONAL BANK WOULD IN ANY SENSE WEAKEN OUR POSITION. WE HAVE ALREADY TOLD THE LAO WE MIGHT DO SO. (WHERE WE HAVE TAKEN A FIRM STAND, UNDER WASHINGTON INSTRUCTIONS WITH WHICH WE OF COURSE AGREE, IS IN REJECTING PDRL'S STRONG AND "URGENT" RECOMMENDATION -- REPORTED IN VIENTIANE 6671 -- THAT WE OPEN A NEW ACCOUNT WITH "NEW MONEY" AT THE NBL WHILE QUESTION OF EXISTING ACCOUNTS REMAINS UNRESOLVED; TO RETREAT FROM THAT POSITION WOULD RPT WOULD UNDERMINE OUR OVER-ALL POSTURE AND WOULD BE MOST UNWISE.)

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Message Attributes

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Margaret P. Grafeld
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04 MAY 2006

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